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**STATE PROMOTION OF RATIONAL
CONSUMPTION THE ECONOMIC CONDITIONS OF
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Introduction. This article presents some suggestions for using the principles of J.M. Keynes of state stimulation of aggregate domestic demand, to solve the problem of improving regulation and business support in Ukraine. The problem is seen as the task of stimulating aggregate demand provided a large share of shadow economy in Ukraine macroeconomics. Such stimulation should be organized in a way which does not increase the volume of trade in the shadow economy, and will increase the volume of the trade, which is subject to VAT.

Aim of the study is to develop an economic model that makes it possible to assess the level of impact of the factor of the shadow economy to the legal system and proposals on the use of certain methods of state regulation and support of entrepreneurship with the influence of the factor of the shadow economy.

Methods: abstract–logical method – for specification and justification of the main provisions of peer reviews of business method – to determine the competitive advantages of the enterprises surveyed;

Results. During the research of the problem was investigated and analyzed the influence of the mechanism of the shadow economy on trade, which is subject to VAT. Developed economic model makes it possible to partly assess the impact of the shadow economy to trade, which is subject to VAT.

Conclusion. Proposed system of state subsidies, in which household spendings will grow in such kind of trade.

Keywords: aggregate demand, the shadow economy, payment of VAT, households, trade, legal goods.

Problem and its connection with important scientific and practical tasks. Despite the large number of fundamental studies on the state regulation of supply and demand on the markets, some aspects of research in the development of an effective mechanism of state regulation and support of demand and supply in the market environment remains fundamentally unexplored. Thus, the greatest majority of research on this subject has been developed in developed countries where the shadow economy and the level of impact on the legal sector is quite small. Justification of the results of such research are also introduced in statistical observations in these countries.

Analysis on the theoretical foundations of the problem. In this article proposed the suggestion of using Keynesian methods for entrepreneurial support of Ukraine. Keynesian theory focuses on direct state influence on aggregate demand. The views of J.M. Keynes on the problems of economic development were limited to the ineffective aggregate demand, factors for that are [1]:

1. The marginal propensity to consumption tends to decrease – by increasing or reducing the real incomes of the population size of consumption, which will change in the same direction, but not at the same rate;

2. Marginal efficiency of capital tends to be progressively decreased – in circumstances where reduces propensity to consumption, the implementation of created products at reduced prices is unlikely;

3. The population increasingly prefers liquid assets, elects cash as a form of savings.

Where the shadow economy is a developed, real aggregate demand stops to responding to Legal system and Public stimulating consumption by Keynes, risks losing its effectiveness.

The presentation of the main results and their justification. In the modern market economy, entrepreneurship is considered as a special kind of economic activity that is always accompanied by scientific, technical, organizational, commercial and economic creativity, features a new approach to solving economic problems.

Current legislation defines entrepreneurship as an independent, systematic, at own risk activity with production of goods, works, services with a view to profit, which is carried out by individuals and legal persons registered as business entities in the manner prescribed by law.

An important prerequisite for successful business development in Ukraine is be to create an effective mechanism of state regulation of business. The need for state regulation of business in terms of transformation of society is due, the importance of market economy business type; domestic business value formation for the development of the national economy and other spheres of public life; constant disequilibrium between aggregate supply and aggregate demand; complexity of reproductive processes; the inability of businesses to confront dysfunction market.

State regulation of business ensures the implementation of competition policy, which defines the principles, directions and forms of economic and administrative and legal pressure that develops government in small and medium businesses.

It includes the following components:

- 1) developing a legal framework of the business sector and the development of instruments of administrative regulation of business structures specific to their development in some sectors of the national economy;
- 2) Regulation institutional changes in the economy, which are factors of the formation of the business environment;
- 3) a system of support and promotion of entrepreneurship;
- 4) attracting businesses to the scientific, technical and socio-economic programs, supplies of goods (works, services) to meet national and regional needs.

The legislation for business development in Ukraine form the legislative and other normative legal acts, the relevant rules of administrative, credit and finance, labor, civil and other branches of the current legislation, the main ones being the laws of Ukraine "On Entrepreneurship", "On property", "On Companies", the Commercial and Civil codes. An important part of the mechanism of state regulation of business should be a system of support and incentives. A comprehensive approach to this problem can be achieved through development of national and regional programs to support entrepreneurship, which would provide all aspects of promoting its development.

One of the important factors in business of Ukraine is a significant competitive advantage of shadow businesses over legal business. All proceeds of shadow business are accumulated from households as operating profit.

Since the beginning of 08.01.2016, VAT administration system automatically requires advance payment of funds in the budget as a recharge limit to which the taxpayer may record tax bills, the only scheme evasion of VAT remained scheme shown in Fig. 1

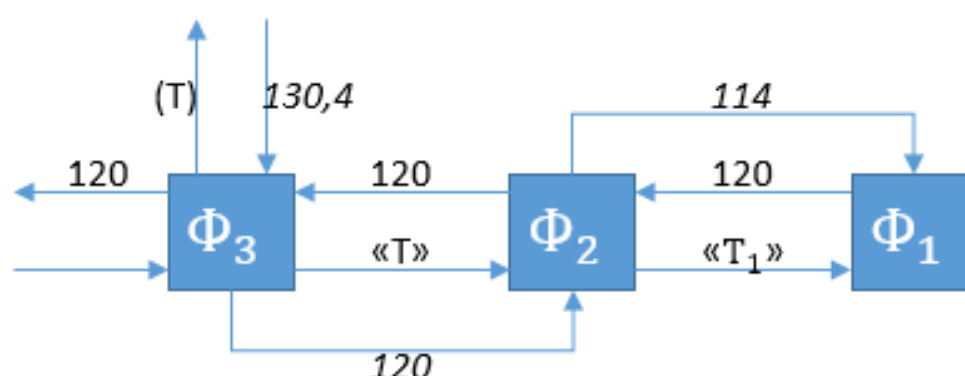


Fig. 1. Scheme of VAT evasion

Under this scheme, the company Φ_1 reduce their tax liabilities including VAT, listing non-cash costs **120** to Φ_2 company for fictitious goods (works, services) «T₁». Φ_2 , in turn, lists these non-cash means to the company Φ_3 . Φ_3 acquire further funds for these product (T) and issues a tax invoice Φ_2 to another fictitious product (T). Further product sells Φ_3 (T) at **130,41** cash to households and transmits them in the amount of 120 to the enterprise Φ_2 , setting the commission for such a transaction (commission is within 7.5 – 9% of turnover). These cash transfers from Φ_2 to Φ_1 setting the amount of **114**, including his commission (it is within 3 – 5% of turnover), and writes Φ_1 tax bill for fictitious goods (works, services) "T₁". As a result, cash **130.4** distributed between the three companies as their operating profit. This operation is performed with a number of violations of the tax law, adequate precautions against which there is no established tax laws in Ukraine. However, from an economic point of view, these shadow operations have a significant negative impact on the legal sector.

Conclusions and recommendations for further research. On the economic purpose of financial instruments used within the state business policy can be divided into two groups: the first – methods of tax regulation and promotion of self-investment of entrepreneur; second – financial and investment methods of state influence on business. Formation of an effective system of taxation, adequate requirements of enterprise development, should include: set of criteria for thresholds of taxation; reduction of taxes by those that are not critical for budget; the introduction of tax incentives to address the public and regional social problems.

Methods of tax assistance for entrepreneurship include: tax discounts or complete tax exemption for enterprises, activities of which are consistent with the goals of government regulation; lowering tax rates on income intended for investment, research and their introduction into production, with the creation of new jobs, environment, etc.; discount tax rate on income that goes for training of business sector; tax incentives of other types.

The main forms and methods of public finance and investment support for business are: the use of grants, subsidies, subventions; state and local orders; loans and guarantees for state and regional authorities; financial support for national funds and regional financial institutions; promoting business development.

Allocating financial support is preferred for: entities working in the priority areas of the economy, that work in issuance of export or import–substituting products; formation of a new type of product; innovative businesses and businesses that create new jobs.

Proposal of the author of the article – implement as a state stimulation of consumption, savings bonus system that the end user can use only when purchasing goods at legal economy sector. Also this bonus system must be selective: some positions are unlikely to exist in the shadow economy. Especially it is typical for durable goods markets, such as cars, housing tools and others.

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